



*"To enrich lives through effective and caring service"*



**Stan Wisniewski**  
Director

**Kerry Silverstrom**  
Chief Deputy

October 4, 2005

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**CONSENT TO ASSIGNMENT OF LEASEHOLD INTEREST  
THE BAY CLUB APARTMENTS AND MARINA  
PARCEL 8T - MARINA DEL REY  
(FOURTH DISTRICT)  
(3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Find that the proposed assignment of Lease No. 4985 affecting the leasehold interest in Parcel 8T is categorically exempt under the California Environmental Quality Act pursuant to Classes 1(r) and 4(j) of the County's Environmental Document Reporting Procedures and Guidelines.
2. Approve and authorize the Chair to sign the attached Consent to Assignment of Lease (Consent) for Parcel 8T from I&G Bay Club, L.L.C., a Delaware limited liability company (I & G), to NF Marina, LP, a California limited partnership (NFM).

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Marina del Rey leases provide that the County's consent is required on most lease assignments and that such consent may not be unreasonably withheld. I & G is requesting the County's consent to assign Lease No. 4985 affecting the leasehold interest in Parcel 8T, commonly known as The Bay Club Apartments and Marina (Bay Club), to NFM. The Department recommends approval or denial of any assignment based on a review of the

following: (a) the financial condition of the assignee; (b) the price to be paid for the leasehold as it relates to the improvements or potential development thereon; and (c) the management of the leasehold by the new lessee being in the best interest of the Marina as a whole.

Our review has found: a) the proposed assignee, NFM, has adequately capitalized the project with \$10 million in equity, thus providing an annual surplus from the leasehold operations that will enable appropriate maintenance and leasehold operations; b) the sale price of \$34,000,000 appears to be fair for the leasehold and improvements thereon; and c) the proposed property manager, Decron Properties Corp. (Decron), a California corporation, is widely experienced in the management of apartment housing.

#### Implementation of Strategic Plan Goals

The recommendation is consistent with the County's Strategic Plan Goal of Service Excellence as it allows the transfer of the leasehold interest to accommodate completion of a bona fide financial transaction, while maintaining appropriate management of the leasehold.

#### FISCAL IMPACT/FINANCING

There is no financial impact to County as a result of the proposed assignment.

#### FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On June 8, 1961, the County entered into a 60-year lease for Parcel 8T with Vadim P. Kondratief, d.b.a. V.P.K. Investment & Development Company. On June 5, 2001, your Board approved the assignment of the lease for Parcel 8T to I & G. The parcel is improved with the Bay Club, comprised of 205 apartment units and 253 boat slips on approximately 4.53 acres of land and 7 acres of water area.

The purchase price for the leasehold and improvements is \$34,000,000. The proposed assignee plans to invest \$9,000,000 (approximately 26.5%) as the down payment and an additional \$1 million for operating capital at close of escrow. While this assignment is not contingent on the County granting a lease extension, the assignee is considering the submission of a lease extension proposal.

The proposed assignee, NFM, is a single purpose entity formed to own the Parcel 8T leasehold. It is comprised of four limited partners and is managed by NFM, LLC, a California limited liability company who is also the general partner. The ownership shares are as follows: The Nagel Family LP (39.5%), The Friedman Family LP (39.5%), Kest Enterprises LP (10%) and Bay Club Investors LP (10%). The general partner's share is 1.0% and is owned by two family trusts whose members consist of The Nagel Family Living Trust and The Friedman Living Trust.

The partners of NFM have over 40 years of successful experience in acquiring, developing and managing multi-family properties similar to the subject leasehold. They have owned or managed 27 apartment buildings consisting of over 2,775 units, 12 shopping centers (1.8 million square feet) and over 657,000 square feet of office space, together valued in excess of \$440 million. Decron, the proposed property manager, which is owned and operated by the Nagel family, has significant apartment property management experience.

This lease assignment was scheduled for consideration by the Small Craft Harbor Commission at its meeting of September 7, 2005, which was cancelled due to the lack of a quorum. Because the parties need the County's consent by October 4, 2005 to meet the transaction's scheduled closing, waiting to present the matter to the Commission at its regularly scheduled meeting of October 12, 2005 would represent an undue hardship to the parties. Commission action is not a requirement for your Board to consider a Marina matter, and this lease assignment has otherwise met all of the standard lease assignment requirements as set forth by the Department. Therefore, we recommend your Board consent to the proposed assignment at this time.

The attached Consent to Assignment of Lease has been approved as to form by County Counsel.

#### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

There is no impact on other current services or projects.

#### **ENVIRONMENTAL DOCUMENTATION**

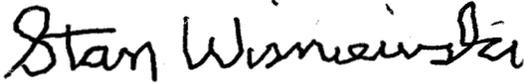
The proposed assignment of the lease is categorically exempt under the provisions of the California Environmental Quality Act pursuant to Classes 1(r) and 4(j) of the County's Environmental Document Reporting Procedures and Guidelines.

The Honorable Board of Supervisors  
October 4, 2005  
Page 4

**CONCLUSION**

Attached are three copies of the Consent to Assignment of Lease. Please have the Chair sign all three copies and have the Executive Officer of the Board acknowledge the Chair's signature. Please return to the Department of Beaches and Harbors two executed copies of the Consent, retaining one copy for your files. Also provide a copy of the approved Board letter.

Respectfully submitted,



Stan Wisniewski  
Director

SW:RM:PW:CM:si

Attachment (1)

c: Chief Administrative Officer  
Executive Officer, Board of Supervisors  
County Counsel

## CONSENT TO ASSIGNMENT OF LEASE

The COUNTY OF LOS ANGELES ("County"), lessor under that certain lease No. 4985, dated October 4, 1961, as amended ("Lease"), applicable to those certain premises commonly known as Parcel 8T, Marina del Rey Small Craft Harbor, described in Exhibit "A," attached hereto and incorporated herein by this reference, does hereby consent to the assignment of said Lease by the present lessee, I&G Bay Club, L.L.C., a Delaware limited liability company ("Assignor"), to NF Marina, LP, a California limited partnership ("Assignee"), in accordance with that certain Assignment of Lease and that certain Acceptance of Assignment of Lease prepared in connection with the proposed assignment contemplated thereby. County further agrees that upon the effective date of said assignment, Assignor shall be fully relieved of, and released from, any and all obligations to County under the Lease accruing on or after the effective date of said assignment. It is further understood and agreed that the County's consent to the proposed assignment described herein is subject to the following express conditions:

- A. This Consent to Assignment shall be voidable by the County, until and unless the assignment above referred to is complete and irrevocable in all respects within sixty (60) days of the date of execution on behalf of the County of this Consent to Assignment of Lease.
- B. This Consent to Assignment is contingent upon Assignee's assumption and agreement to perform all obligations past, present and future, created by the terms, covenants and conditions of said Lease on the part of the lessee therein named to be performed, as set forth in the Acceptance of Assignment relating to this assignment.
- C. This assignment, having once become complete and irrevocable in all respects shall thereafter be fully binding upon the Assignee whether or not the Assignor and Assignee have entered into a separate agreement or understanding to which the County is not a party and which provides for or otherwise purports to affect the assignment, and whether or not in such event any party thereto alleges, claims or otherwise shows or proves that there has been a breach, default, violation, or termination of any such separate agreement.
- D. Assignee shall not make any further assignment or sublease of the Lease, nor any portion thereof, without the written consent of County as lessor having first been obtained thereto in accordance with, and to the extent required by, the provisions of Section 22 C of the Lease.

[THE REMAINDER OF THIS PAGE LEFT BLANK]

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2005.

COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Chair, Board of Supervisors

ATTEST:  
VIOLET VARONA-LUKENS  
Executive Officer of  
the Board of Supervisors

By: \_\_\_\_\_  
Deputy

APPROVED AS TO FORM  
BY COUNTY COUNSEL

RAYMOND G. FORTNER, JR.  
County Counsel

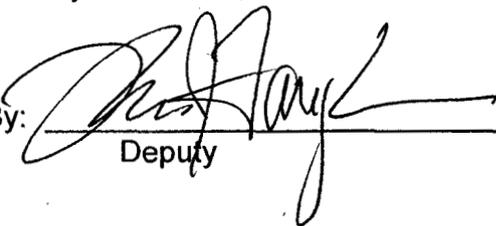
By:  \_\_\_\_\_  
Deputy

EXHIBIT A

AMENDED LEGAL DESCRIPTION

Marina Del Rey  
Lease Parcel No. 8T

Parcels 63 to 91 inclusive, in the County of Los Angeles, State of California, as shown on Los Angeles County Assessor's Map No. 88, filed in Book 1, pages 53 to 70 inclusive, of Assessor's Maps, in the office of the Recorder of said County, and the easterly 24.81 feet of Parcel 92, in said County, as shown on said map.

Together with a right of way for access purposes to be used in common with others over the northerly 10 feet of the westerly 32 feet of the easterly 56.81 feet of said Parcel 92.

Reserving and excepting unto said County a right of way for sanitary sewer purposes in and across that portion of above described parcel of land which lies within the westerly 10 feet of the easterly 24.81 feet of said Parcel 92.

Also reserving and excepting unto the County of Los Angeles rights of way for sanitary sewer, storm drain, fire access and harbor utility purposes in and across those portions thereof designated on said map as easements to be reserved by said County for such purposes.

DESCRIPTION APPROVED

August 13, 1971

HARVEY T. BRANDT

County Engineer

By Edgar S. Sauter Deputy